



[a closer look at *i*pac

Investor Briefing



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investor briefing - Sydney



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agenda



- ~ introducing ipac
- ~ the importance of advice
- ~ what makes ipac different?
- ~ the ipac business
- ~ growth strategies
- ~ the future with AXA





introducing ipac



vision

improving the quality of people's lives
through a living financial plan



business goal

pre-eminent in advice, national in scale

values

we are passionate about living the following core values:

being trustworthy

sharing wisdom

valuing innovation

building rewarding relationships

making a difference personally

contributing to profitable growth



ipac client value proposition



we assist our clients with quality advice and its effective implementation to achieve their financial goals so that they attain their chosen lifestyles

ipac has \$4.9bn in funds under advice for Retail (\$3.3bn) and Wholesale (\$1.6bn) clients



evolution of ipac



- 1983 - established to meet growing market need for quality advice
- 1987 - evolution of ipac's advice into a unique lifestyle proposition
- 1992 - multi-manager investment platform
- 1994 - established consulting service for wholesale clients
- 1999 - launched ipac Strategic Partner Program
- 2000 - launched flexible wholesale product platform
- 2001 - initiated acquisition strategy - undertook six acquisitions representing \$2.3bn of FUA (not included in ipac FUA)
- 2002 - teamed with AXA APH to achieve greater scale and accelerate growth



the ipac difference



- ~ corporatised model - client relationship transcends the adviser
 - ~ results in enhanced client retention rate vs the industry - ipac <10% vs industry average 15-25%
- ~ service model - common value proposition and consistent client experience
 - ~ results in more enduring client relationships
 - ~ a scalable model with wider application
- ~ position in the market - maximises ipac's value
 - ~ reaps the full retail margin
 - ~ achieves wholesale costs in 'procurement' due to scale





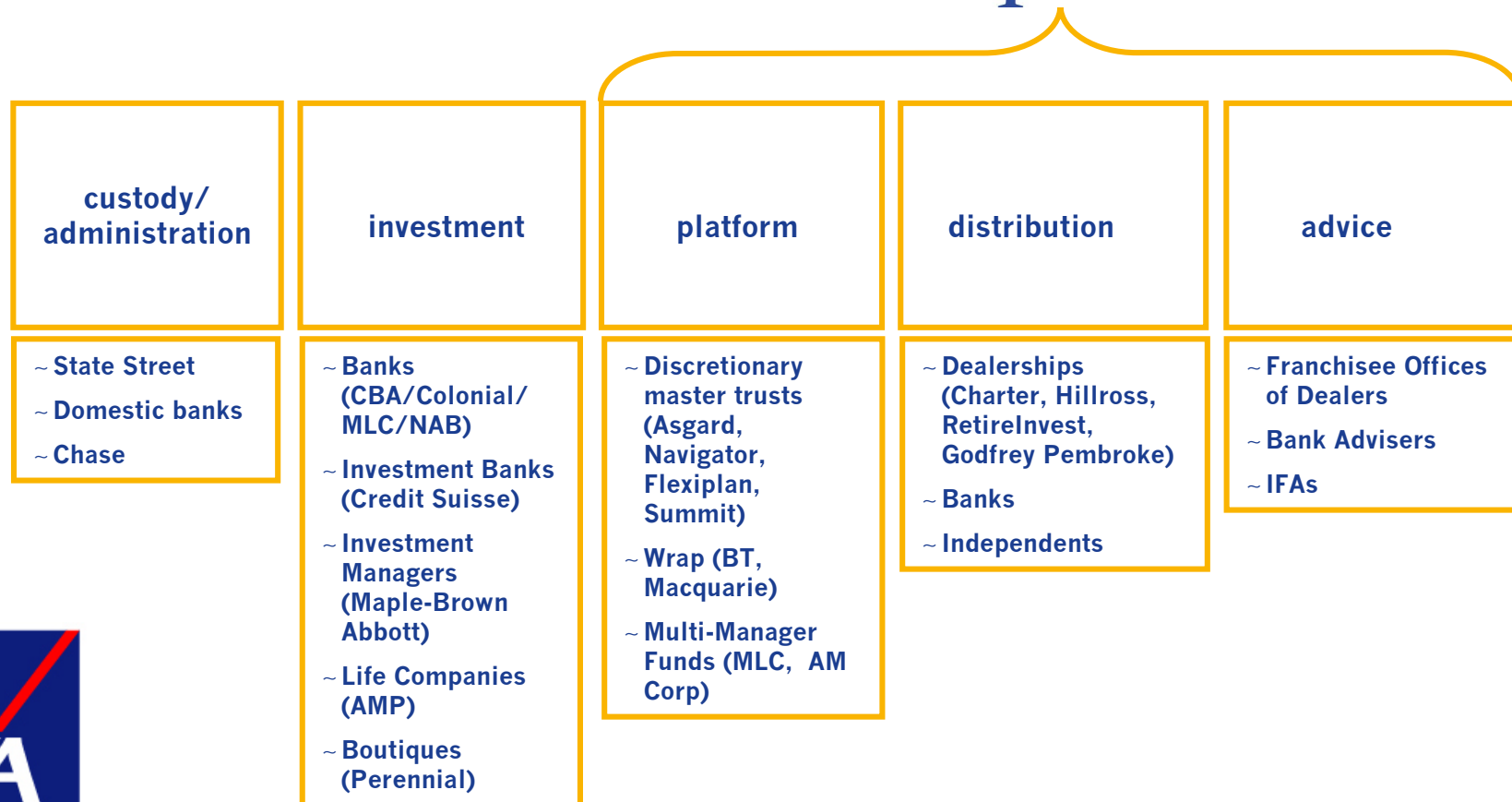
the importance of advice



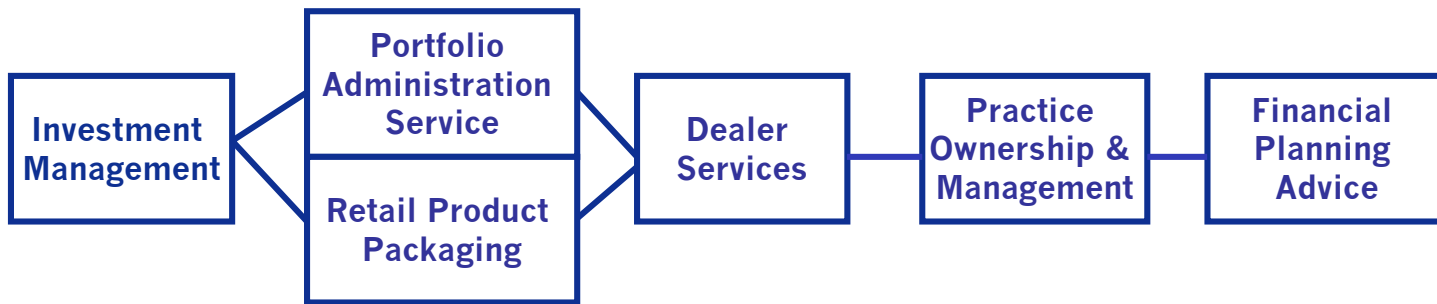
the wealth management industry



ipac is one of the largest IFA firms in Australia 



the industry value chain



margin trend

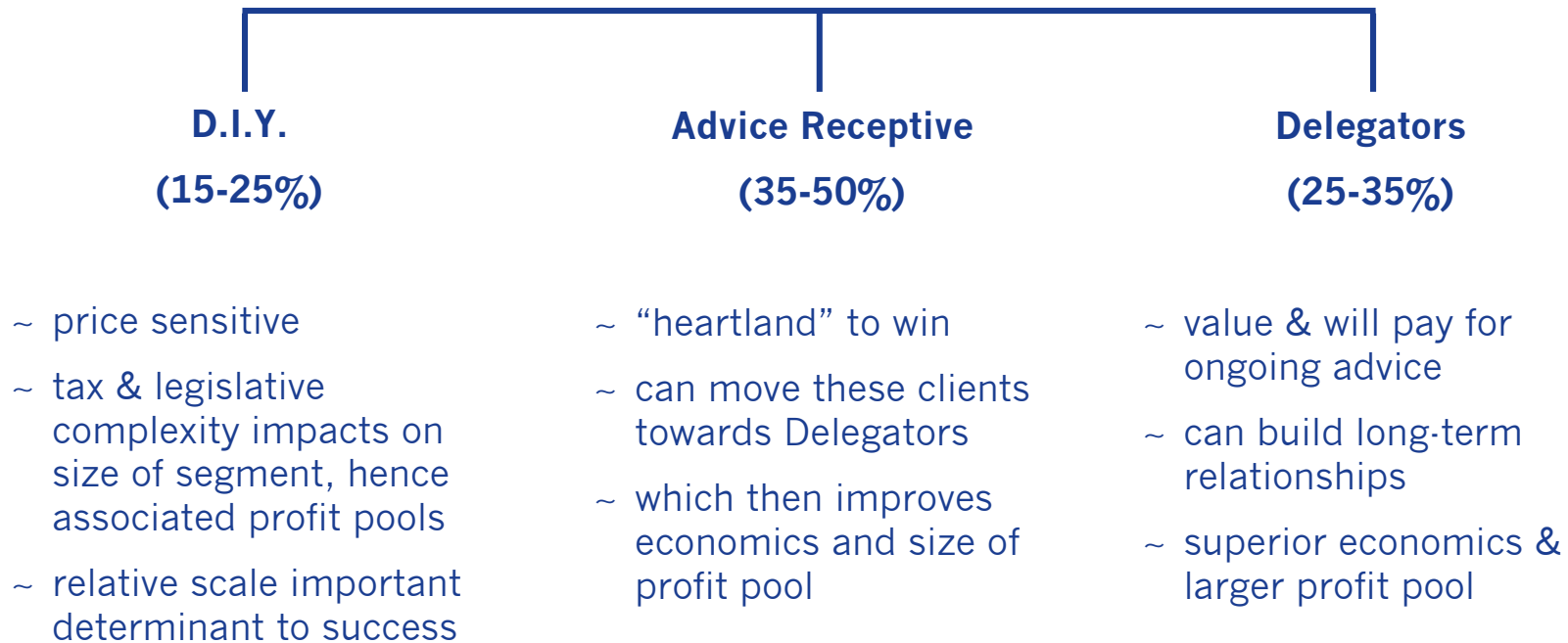


Advice emerging as the most critical part of the value chain

target market for advice is growing



clients can be segmented into three attitudinal groups

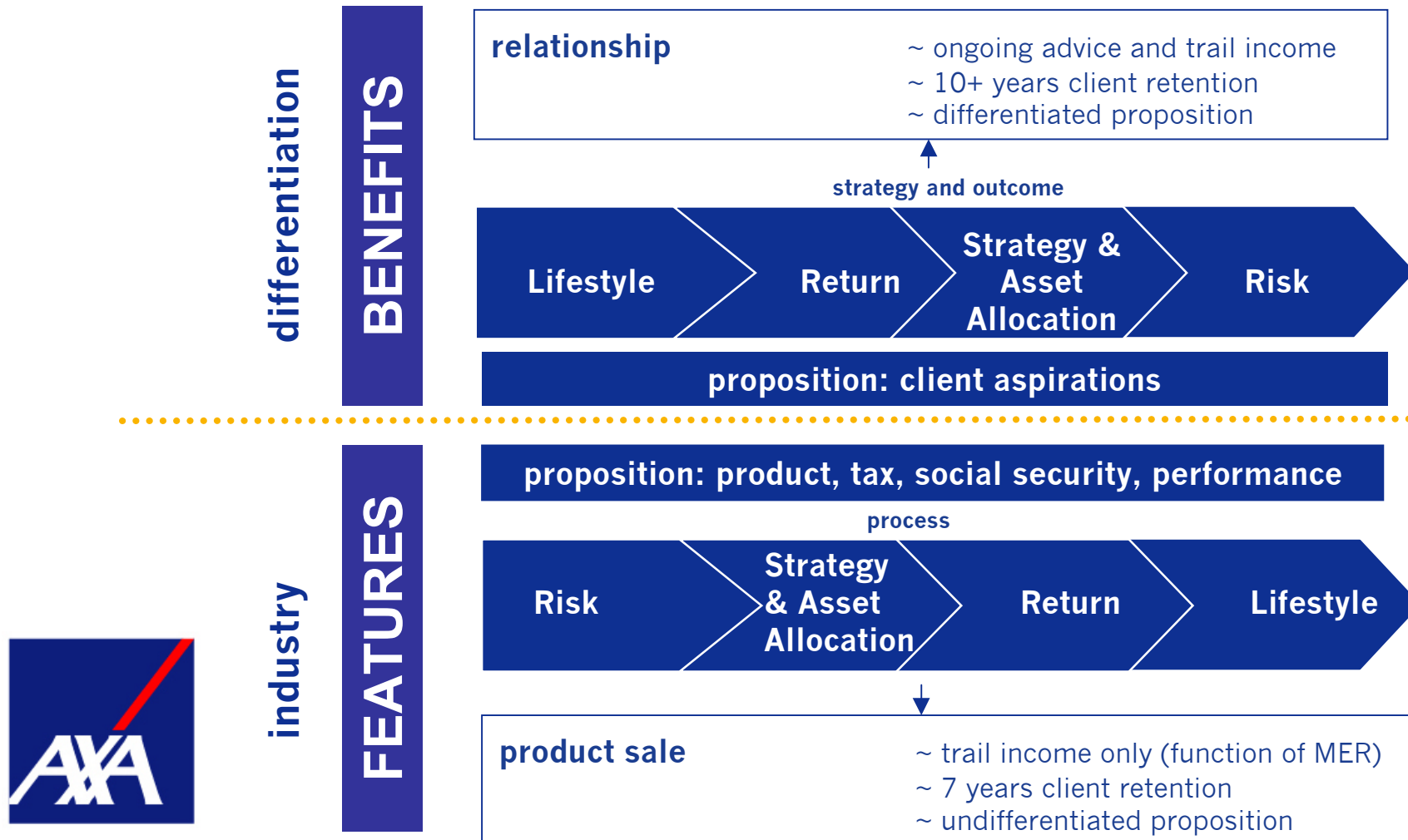


shrinking DIY segment
+ Advice Receptive clients shifting to Delegators
+ ageing baby boomers
= a growing and profitable segment for the advice industry

advice is powerful when it fulfils client aspirations



most of the industry sells product; the differentiator is to deliver aspirations



**we build quality advice relationships with clients
which provide reliable and consistent ongoing advice
income - the hub of the ipac business model**

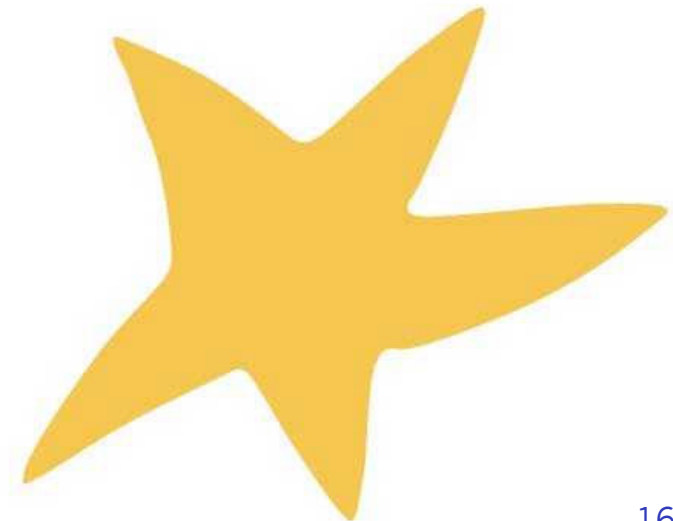


strategic lifetime model demonstration





**what makes ipac
different?**



ipac's advice proposition



success in advice begins with a clearly defined client proposition

- ~ objective advice that is in the customer's interest
- ~ consistent client (sales) experience that empowers clients to understand and control key decisions that affect their future
- ~ investment platform that targets set real return objectives over time that are linked to the planning proposition
- ~ investment & service expectations clearly set with clients
- ~ ongoing communication supporting the client proposition
- ~ for the retainer offer, quality and consistency of ongoing service
- ~ ability to mass-customise the service delivery



what differentiates ipac



informed, empowered clients

- ~ framework to prioritise goals & decision making
- ~ effective structuring of investments and efficient implementation
- ~ flexible investment platform for institutional clients allows portfolios to be tailored to commercial and investment objectives
- ~ high quality communications that reinforce the financial planning proposition
- ~ an ongoing advice/coaching relationship



what differentiates ipac



consistent, quality delivery of advice

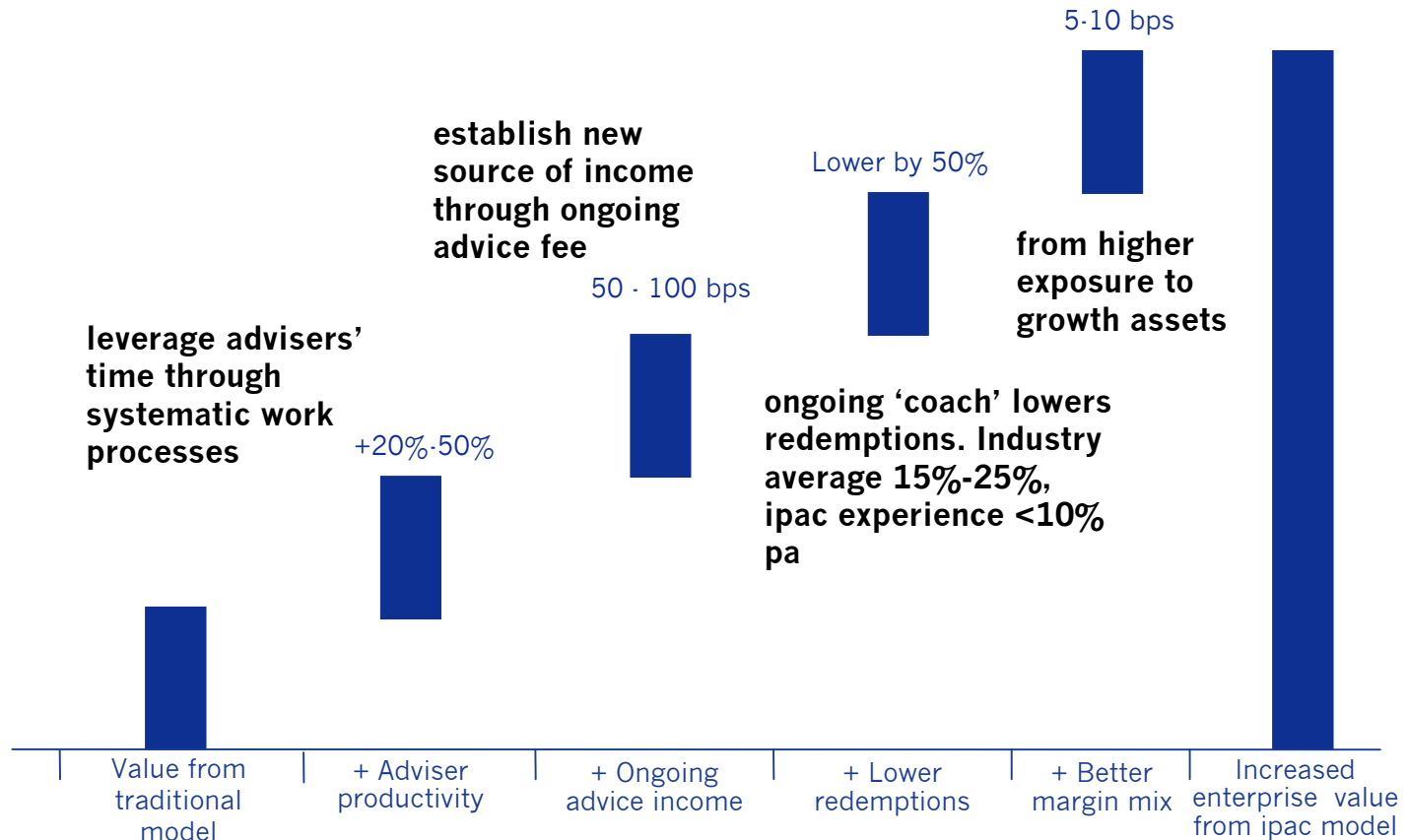
- ~ superior economic rewards
- ~ separation of new business advisers from servicing advisers delivers productivity benefits
- ~ professional ethics, culture and work practices
- ~ quality and depth of investment communications

maximising shareholder value

- ~ high quality, low risk, annuity income
- ~ high retention rates
- ~ scalable advice model
- ~ leverage ipac advice model in other distribution channels



the ipac business model delivers increased value



increases in value are indicative, the influence of each factor will vary



the ipac model delivers substantially better shareholder outcomes

summary of the ipac business



- ~ an attractive earnings growth profile
 - ~ demographics, complex tax and super system underpin growth
 - ~ client focused processes, quality personal and technical advice - strong competitive position to gain new clients
- ~ high degree of annuity income - >95% of income is recurring
- ~ strong management team with aligned interests
 - ~ stability - directors together 19+ years
 - ~ incentive to continue performance - earn out arrangements
- ~ focused business, simple to understand
- ~ proven, scalable business model
 - ~ contrasts with the 'cottage industry' nature of the sector
 - ~ delivers significant stakeholder benefits
 - ~ growth potential in Australia and the wider region





the ipac business



ipac's business lines



ipac financial planning

ipac business partnering

ipac investment services



ipac financial planning



- ~ internal financial planning operation with offices in Sydney, Melbourne, Parramatta and Newcastle
- ~ advisers operate within a ‘corporatised’ and ‘systematised’ business model that has Ongoing Service Advisers and New Client Advisers
- ~ ensures ipac delivers on the client promise of quality ongoing advice and leverages scarce new business writing skill resource
- ~ ipac has developed a diverse range of referral sources including corporate and professional firms



ipac business partnering



- ~ external Partners in NSW, ACT, VIC, QLD, SA
- ~ mainly IFAs, some credit unions
- ~ ipac's offer is to provide business services to help them

'Build, Run and Exit' successful advice firms

Build = programs to help them grow

Run = help them adopt a systematised, corporatised, model around an ongoing advice fee client offer

Exit = immediate sales (book buys) or deferred forward sales (Equity Partner offer)



ipac investment services



- ~ provides investment advice, portfolio management & implementation to large institutional clients, including superannuation funds, charities and financial institutions (ipac's retail master trust is largest client)
- ~ managed multi-manager strategies since 1992
- ~ unique ipac trust for each manager allows clients to tailor portfolios to meet commercial & investment objectives by selecting from ipac's 15 fund managers + index fund options. This structure is far more flexible than those offered by key competitors
- ~ experienced multi-manager investment team with a successful track record over many years, and specialist skills in fund manager research, portfolio construction, implementation and investment communications





growth strategies



financial planning growth



- ~ expansion geographically
- ~ recruitment of planners with proven sources of business
- ~ proactive strategies to develop sources of business at a corporate level eg. have successfully targeted outplacement firms in recent times
- ~ selectively acquiring (book buys) and integrating advice firms into our corporate advice hubs
- ~ disciplined approach to professional standards and work practices to ensure consistency of quality outcomes at every location and every time to ensure client promise is met



equity partnering program



- ~ program for the long-term acquisition of financial planning practices and implementation of a consistent advice model
- ~ offers advisers succession planning & improves the outcomes for all stakeholders
 - ~ already use the ipac advice model making transition easier
 - ~ change management implemented to transition new relationships to ipac business model
 - ~ incentives to encourage transformation before ipac takes ownership



- ~ probability of success increased via
 - ~ common business model
 - ~ structured change process
 - ~ rigid screening and deal terms

equity partnering approach



- ~ non-negotiable requirements of any prospective partner:
 - ~ high level acceptance of appropriateness of a 'needs' not 'wants' based approach to advice
 - ~ high level agreement to converge their practice to a systematised, corporatised, ongoing advice firm
- ~ to complement the cultural fit, deal needs to:
 - ~ provide entrepreneurial autonomy
 - ~ reward for the right behaviours and platform support
 - ~ principals need to have 'skin in the game'
- ~ ipac has acquired full or partial stakes in a total of six firms for \$40m in the last 15 months (representing \$2.3bn of FUA that is not part of ipac's current FUA)



growth via joint ventures



- ~ the consistency of ipac's business model and advice proposition continues to attract potential co-venturers
- ~ JVs are a cost effective method of accessing suitable customers for ipac's advice model to generate support for ipac platforms
- ~ new JV with AON is typical in that:
 - ~ ipac has an equity interest in the financial planning venture
 - ~ it utilises the ipac platforms in implementing the investment decision from the advice model

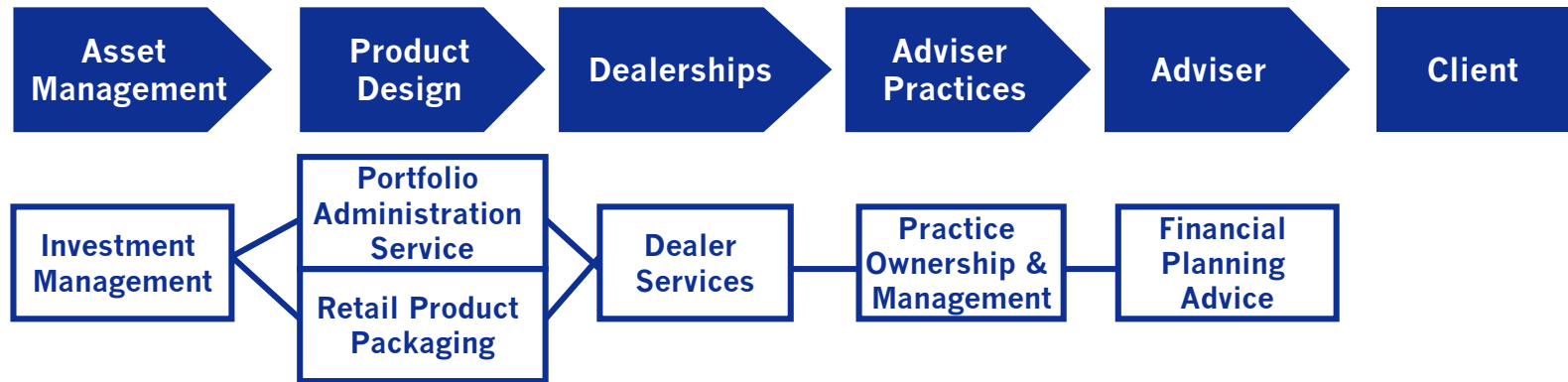




the future with



ipac vs dealership - value chain activity



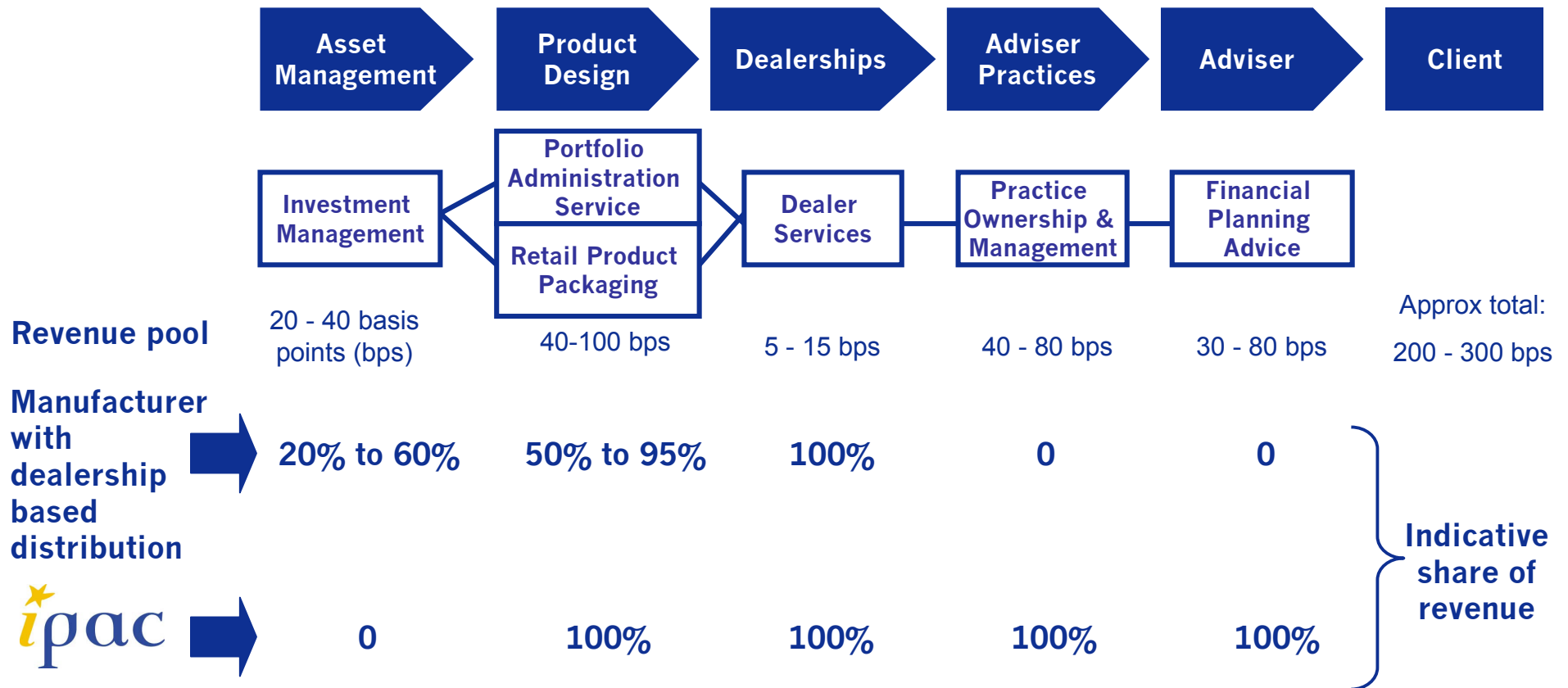
Manufacturer with dealership based distribution →

Investment management and administration	<ul style="list-style-type: none"> • Product packaging • Customer services • Technology • Portfolio reports 	<ul style="list-style-type: none"> • Technical advice seminars • Adviser training • Adviser compliance • Business coaching • Support tools 	None	None
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ipac →

None	<ul style="list-style-type: none"> • Customer and transaction service • Technology • Fund manager selection 	<ul style="list-style-type: none"> • Technical advice seminars • Adviser training • Adviser compliance • Business coaching • Support tools 	<ul style="list-style-type: none"> • Adviser recruitment • Business development • Lead generation • Ongoing client service 	<ul style="list-style-type: none"> • Needs analysis • Risk education & asset allocation • Savings motivation • Client coaching & relationship mgmt
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ipac vs dealership - value chain revenue



By owning ipac, AXA is able to retain a greater share of the revenue pool

integration approach & status

- ~ ipac founders and key staff retained
- ~ analysis and design phase now virtually complete
- ~ integration synergies and costs largely finalised
 - ~ refining PAS plans
- ~ key integration outcomes:

	<u>Timing</u>
~ management team and structure	Completed
~ integration of finance, systems, HR, premises, etc.	Q4 02 - Q1 03
~ consolidation of Monitor Money support services	Q1 03
~ roll-out Strategic Lifetime Model to selected AXA practices	Q4 02 - Q4 03
~ transition fund of funds investment management activities into ipac	Q4 02 - Q4 03
~ PAS plans finalised	Q4 02 - Q1 03



synergies



- ~ in addition to stand alone cost savings of approximately \$5m, have now identified annualised synergies for 2003 of
 - ~ \$7m from ipac, plus
 - ~ \$3m within AXA
- ~ total synergies identified are above initial estimates
- ~ main sources are
 - ~ merged fund of fund management activities
 - ~ rationalised shared service functions
 - ~ Monitor Money support services
- ~ integration investment is approximately \$10m
- ~ additional synergies are expected to be generated (with further investment required)



approach to Asia



- ~ the ipac advice model will be introduced initially into Singapore and later Hong Kong
- ~ Singapore has an ideal affluent client profile
 - ~ liquid assets US\$100,000 - 750,000
 - ~ delegator approach to financial planning
 - ~ pre-retirement age group
- ~ plan for Singapore
 - ~ launch Q1 2003
 - ~ initial focus on developing the salaried adviser and equity partner channels
- ~ real opportunity to seize 'first mover' advantage



acquisition metrics



- ~ the acquisition is expected to generate a net profit after tax that would equate to a PE for 2003 of 13-17 (assuming 6-8% growth in investment markets in 2003)
- ~ deferred incentive payment in the form of 22.6 million AXA APH shares is contingent on achieving target retail net fund flows
 - ~ 2/3 linked to ipac net flows
 - ~ 1/3 linked to AXA net flows (excluding ipac)
 - ~ and back-ended, with the bulk of the potential payment payable over years 3, 4 and 5 if the hurdles are met
- ~ if the hurdles are reached, significant additional value will accrue to both AXA and ipac founders and staff



ipac is well positioned



- ~ ipac has developed a quality value proposition and business model that provides significant advantages for clients, advisers and shareholders
- ~ ipac has strategies for growth, organically and via acquisition, that are well established and showing results
- ~ the sale to AXA enables ipac to
 - ~ increase scale and reduce costs
 - ~ bring forward its launch into new markets
- ~ the acquisition enables AXA to
 - ~ capture more of the margin in the value chain
 - ~ increase adviser productivity using ipac intellectual property
- ~ ipac enhances AXA's wealth management capability with the addition of experienced senior executives





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